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A N N U A L R E P O R T

**CANADIAN OIL COMPANIES,
LIMITED**

FOR THE FISCAL YEAR
ENDING DECEMBER 31st,
1939



ANNUAL REPORT

CANADIAN OIL COMPANIES,
LIMITED

FOR THE FISCAL YEAR
ENDING DECEMBER 31st,
1939

CANADIAN OIL COMPANIES, LIMITED

1939

OFFICERS

F. H. LITTLEFIELD, TORONTO, *Chairman of the Board*

JOHN IRWIN, MONTREAL, *President*

P. A. THOMSON, MONTREAL
Vice-President

GORDON F. PERRY, TORONTO
Vice-President

F. C. WEST, TORONTO, *Vice-President and Managing Director*

H. F. HOECKER, TORONTO, *Secretary*

C. W. WALKER, TORONTO, *Treasurer*

REG. C. WEST, TORONTO, *General Sales Manager*

DIRECTORS

JOHN IRWIN

E. G. SMITH

F. H. LITTLEFIELD

P. A. THOMSON

G. H. MUNTZ

F. C. WEST

GORDON F. PERRY

BRIG.-GEN. J. B. WHITE, D.S.O., E.D.

Fiscal Agents:

NESBITT, THOMSON & COMPANY, LIMITED

Transfer Agents and Registrars:

THE TORONTO GENERAL TRUSTS CORPORATION

Auditors:

THORNE, MULHOLLAND, HOWSON & McPHERSON

Head Office of the Company:

TERMINAL WAREHOUSE BUILDING,
TORONTO, CANADA

CANADIAN OIL COMPANIES, LIMITED

TO THE SHAREHOLDERS:

ON BEHALF of your Board of Directors I have pleasure in submitting herewith the 31st Annual Report of your Company for the year ending December 31st, 1939. This Report contains the Balance Sheet as at December 31st, 1939, together with Profit and Loss Account and Surplus Account, all in accordance with the report of the Company's auditors, Messrs. Thorne, Mulholland, Howson & McPherson.

Although benefits resulting from the expansion programme, commenced by your Company in 1939, should become increasingly evident during 1940, the success which attended 1939 operations is extremely gratifying.

Net Profits, before providing for Depreciation and Income Tax, amounted to \$1,060,388.93 as compared with \$891,844.99 for the preceding year—an increase of \$168,543.94. After allowance of \$491,090.54 for Depreciation on buildings, plant and equipment, and after allowance for Bad Debts, but before providing for Income Tax, the net profit was \$569,298.39.

For Federal and Provincial Income Taxes, provision has been made of \$117,000.00—an increase of \$46,000.00 over the \$71,000.00 provided in 1938.

Following deduction of all charges, net profits for the year amounted to \$452,298.39—an increase over the preceding year of \$109,981.18.

Regular dividends of 8% were paid on the Preferred Shares, leaving earnings equal to \$2.03 a share on the 143,764 shares of Common Stock now outstanding. This compares with earnings of \$1.27 a share in 1938. After dividends amounting to \$1.00 a share were paid on the Common Stock, Surplus Account as at December 31st, 1939, totalled \$1,104,019.73 as against \$955,485.34 previously shown—an increase of \$148,534.39.

In the Balance Sheet, it will be noted that Inventories this year are higher than last year by \$179,653.32. This gain is due to the fact that, prior to the close of navigation in 1939, we were able to purchase substantial quantities of crude oil at favourable prices.

The sales of gasoline and oil for the year have shown satisfactory increases.

During the year under review, new filling stations were erected in the Maritime Provinces, Ontario, Quebec and Alberta, and new outlets were created in all provinces excepting British Columbia. New Bulk Plants, which enable your Company to deliver its products more economically, were also built at strategic points.

A Marine Terminal was purchased in Montreal, enabling your Company to bring cargoes to Montreal at a considerable saving in costs.

The Head Office in Toronto, on Strachan Avenue, had become so crowded it was necessary to seek office accommodation elsewhere. Office space was taken in the Terminal Warehouse Building in Toronto and the Head

Office staff is now housed there, in quarters which permit work to be carried on with maximum efficiency.

The Executive Offices, and offices of the Montreal Division, are now located at 385 Bridge Street, Montreal, in a building your Company has occupied since its inception. The remodelling of this building was completed recently.

A careful survey of your Company's properties last year indicated the wisdom of making certain expenditures in order to strengthen your Company's competitive position.

Firstly, to keep pace with improvements in the manufacture of gasoline and oils, changes in the Refinery at Petrolia were necessary. These have been initiated.

Also, your Company has owned properties for a considerable length of time from which no revenue has been obtained. These properties are located at important points in different parts of Canada and facilities should be provided thereon for the distribution of oil and gasoline in places where such facilities are needed.

Furthermore, some of our stations which were built many years ago and which, at the time they were built, were considered efficient for the distribution of gasoline and oil, now require extensions and improvements to enable them to service to-day's larger cars and trucks.

The improvements to the refinery, the erection of new stations, and the modernization of existing distributing facilities, necessarily require a large outlay. Your Directors, therefore, in order to raise the necessary capital, authorized Debentures not to exceed \$2,500,000. Of this amount \$1,250,000 of 4% 15-year Sinking Fund Debentures were sold to our fiscal agents, Messrs. Nesbitt, Thomson & Company, Limited and delivered in January, 1940.

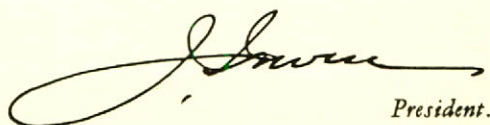
Although the money received from the sale of these Debentures does not enter into consideration in our 1939 Annual Report, I have thought it well to mention the matter so as to inform our Shareholders that the necessary provision for the capital needed has been made.

The War causes much anxiety and concern, but the increased activity in the industrial life of Canada, resulting from the War, is rapidly raising gasoline and oil consumption. Indications of this are already apparent. Sales for the first months of 1940 are sharply higher.

It is with deep regret that I have to record the death, on July 22, 1939, of Mr. R. H. Parmenter, K.C., who had been a Director of your Company for many years, and whose counsel and advice have been greatly missed by your Board.

Your Directors wish to express their appreciation of the faithful and efficient service rendered by the officers, staff and employees of the Company throughout the year.

On behalf of the Board,



President.

CANADIAN OIL COMPANIES, LIMITED

PROFIT AND LOSS ACCOUNT

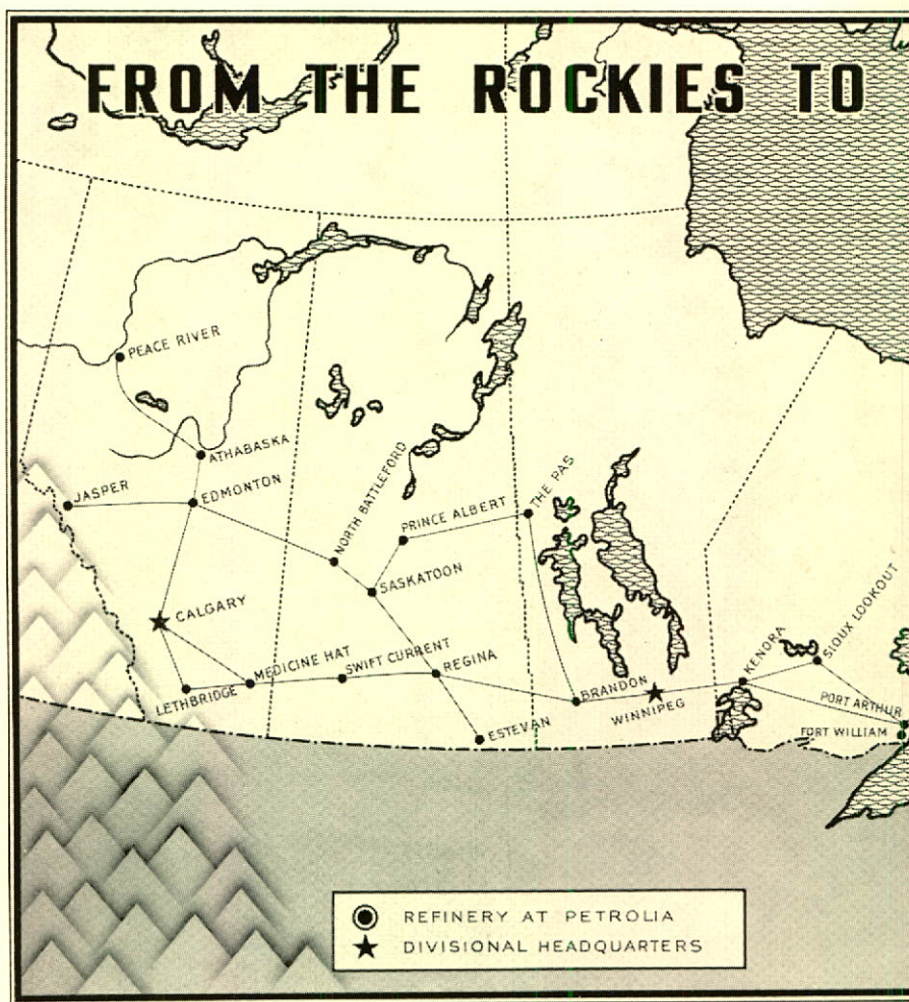
(Year ending December 31st, 1939)

Net Profit for year, before providing for Depreciation and Income Taxes	\$1,060,388.93
DEDUCT:	
Depreciation on Buildings, Plant and Equip- ment	\$491,090.54
Provision for Federal and Provincial Income Taxes	117,000.00
	<u>608,090.54</u>
NET PROFIT FOR YEAR	<u><u>\$452,298.39</u></u>

SURPLUS ACCOUNT

(Year ending December 31st, 1939)

Surplus, December 31st, 1938	\$955,485.34
ADD Net Profit for year	452,298.39
	<u>\$1,407,783.73</u>
DEDUCT:	
Dividends on Preference Stock, 8%	\$160,000.00
Dividends on Common Stock, \$1.00	143,764.00
	<u>303,764.00</u>
SURPLUS, DECEMBER 31st, 1939	<u><u>\$1,104,019.73</u></u>



The map-chart above graphically illustrates the extent of your Company's activities, which stretch from Sydney on the East, to the British Columbia border on the West.

This complete Canadian Oil network of distributing units has its centre at our Refinery in Petrolia, Ontario. Bulk storage plants, served from the Refinery by tank cars, are located strategically across the continent. Tank trucks, in turn, supply our retail outlets with petroleum products of highest quality under the well-known brand names—**WHITE ROSE** and **EN-AR-CO**. Industrial Lubricants, Farm Lubricants and fuel oils are also sold in all areas.

Notable additions to the regular lines will be made this year. **WHITE ROSE MOTOR OIL** will be introduced to the motoring public, and bids fair to take its place as a leading premium motor oil of the Dominion. White Rose Fly Spray, White Rose Live Stock Spray and White Rose Handy Oil for household use will also be introduced.



SPREADS THE NETWORK OF MORE
THAN 2200 RETAIL OUTLETS OF THE

CANADIAN OIL COMPANIES, LIMITED

REFINERS AND DISTRIBUTORS OF

WHITE ROSE GASOLINE
WHITE ROSE MOTOR OIL
EN - AR - CO MOTOR OIL

CANADIAN OIL C

BALANCE

(DECEMBER)

ASSETS

CURRENT ASSETS:

Cash on hand and in banks	\$ 278,717.57
Accounts and Bills Receivable after provision for doubtful accounts	822,080.97
Inventory, Merchandise and Supplies, as determined and certified by the management and valued on the Company's usual basis which in total does not exceed laid-down cost or fair market value, whichever was the lower	1,817,279.47
	\$ 2,918,078.01
DEFERRED ACCOUNTS RECEIVABLE, MORTGAGES AND SUN- DRY INVESTMENTS	126,382.75
INVESTMENT IN AND ADVANCES TO SUBSIDIARY COMPANIES . .	11,281.12
DEFERRED CHARGES TO OPERATIONS	58,864.95
CAPITAL ASSETS:	
Real Estate, Buildings, Plant and Equipment	9,975,602.35
GOODWILL	1.00

\$13,090,210.18

AUDITORS' REPORT TO THE SHAREHOLDERS

We have made an examination of the Balance Sheet of Canadian Oil Companies, Limited as at December 31st, 1939 and of the Profit and Loss and Surplus Accounts for the year ending on that date. In connection therewith we examined or tested the accounting records and other supporting evidence and made a general review of the accounting methods and of the operating and income accounts for the year, but did not make a detailed audit of the transactions.

We have obtained all the information and explanations we have required, and, based upon such examination, report that, in our opinion, the above Balance Sheet and the accompanying Profit and Loss and Surplus Accounts for the year are properly drawn up so as to exhibit, in accordance with accepted principles of accounting consistently maintained by the Company during the year under review, a true and correct statement of the position and operations of Canadian Oil Companies, Limited, according to the best of our information and the explanations given us and as shown by the books of the Company.

THORNE, MULHOLLAND, HOWSON & McPHERSON,

Chartered Accountants.

TORONTO, February 24th, 1940.

COMPANIES, LIMITED

E SHEET

31st, 1939)

LIABILITIES

CURRENT LIABILITIES:

Bank Advances.....	\$ 295,000.00	
Accounts Payable and Accrued Charges (including Sales and Gasoline Taxes payable January, 1940).....	1,320,169.60	
Provision for Federal and Provincial In- come and Corporation Taxes.....	122,359.91	
Dividend payable January 2nd, 1940....	40,000.00	
		\$ 1,777,529.51

DEFERRED LIABILITIES:

Mortgages and Purchase Monies payable and Deferred Rentals.....	229,400.00	
RESERVE FOR DEPRECIATION ON CAPITAL ASSETS.....		4,803,048.94

CAPITAL AND SURPLUS:

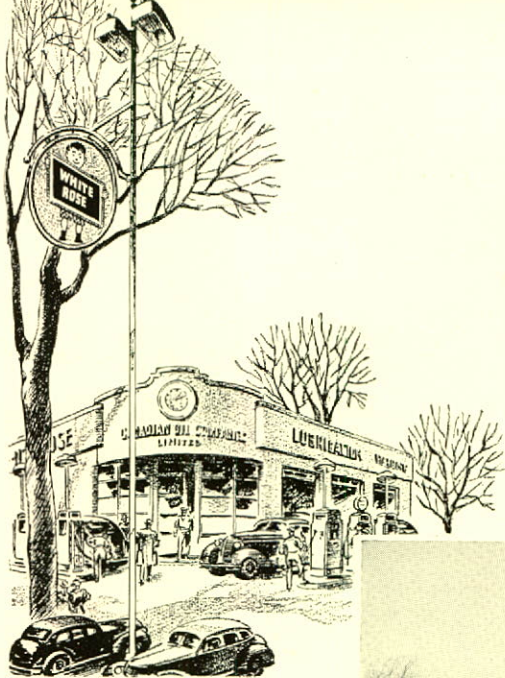
Authorized Capital:

8% Cumulative Preference Stock—
20,000 shares, par value \$100.00 each:
Common Stock—192,000 shares, no par
value:

Issued Capital:

Preference Stock— 20,000 shares.....	2,000,000.00	
Common Stock 143,764 shares.....	3,176,212.00	
		\$5,176,212.00
Surplus.....	1,104,019.73	
		6,280,231.73
		<u>\$13,090,210.18</u>

NOTE—Issue of Debentures, not to exceed \$2,500,000, was authorized on December 14th, 1939, of which \$1,250,000 of 4% 15-Year Sinking Fund Debentures were underwritten by Nesbitt, Thomson & Company, Limited, and taken up after January 1st, 1940. None of the proceeds from the sale of these Debentures appears in this statement.



Above: A sketch from life of the Canadian Oil Station at the corner of Burnside and Victoria Streets, Montreal, and at the right—a photograph of a Station in Cornwall, Ontario.

YOUR PROPERTIES

Shown on this and on the opposite page are representative views of typical Canadian Oil properties and equipment.



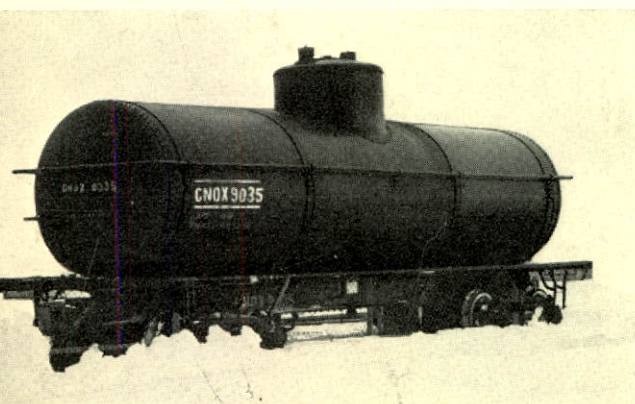
Left: A photograph of a typical Canadian Oil Tank-wagon—one of an army of such Tank-wagons which cover the highways from Nova Scotia to Alberta, inclusive.

Below: A bird's-eye view of the Company's Refinery at Petrolia, Ontario.



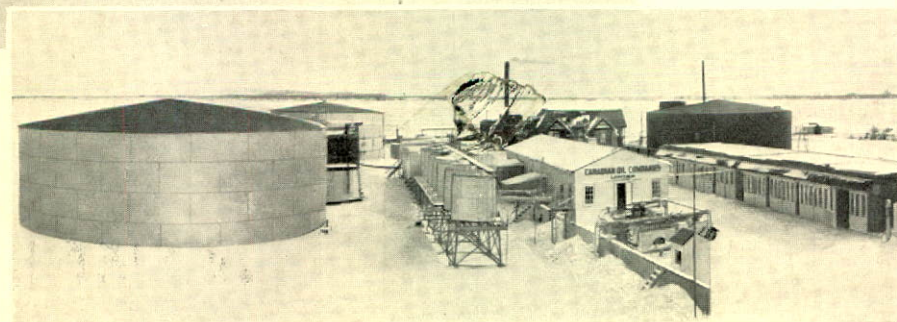


Above: Topped by dominating En-Ar-Co Motor Oil and White Rose Gasoline illuminated signs, the Terminal Warehouse Building in Toronto, in which the Head Office of your Company is located.



Left: One of the fleet of Tank Cars which are used exclusively for transportation of Canadian Oil products.

Below: A photograph of a portion of the 5,000,000 gallon Marine Storage Terminal situated on the Montreal harbour front.





SURE SIGNS OF MOTORING SATISFACTION

Wherever and whenever you see the signs of the **WHITE ROSE** and the old familiar Boy-and-Slate, stop with confidence. For there, highest quality petroleum products manufactured and distributed by **YOUR COMPANY**—Canadian Oil Companies, Limited—are available. We ask your support for all Service Stations and Dealers displaying these signs and that you urge your friends to support them too.

Courtesy Credit Cards are a great convenience to the motorist and a business builder for this Company. Assist us to extend our list of Credit Card holders by sending the names of any friends who might find them useful.



PRODUCTS

MOTOR FUELS

White Rose Ethyl
White Rose No-Knock
White Rose White
Diesel Fuel Oil

MOTOR OILS

White Rose
En-Ar-Co
National
Diesel

LUBRICATING AND INDUSTRIAL OILS

Black Oils
Car Oils
Castor Machine Oils
Compressor Oils
Crusher Oils
Cutting Oils
Cylinder Oils
Dynamo Oils
Electric Motor Oils
Engine Oils
Form Oils
Gas Engine Oils

Harness Oils
Ice Machine Oils
Leather Oils
Separator Oils
Spindle Oils
Tempering Oils
Thread Cutting Oils
Tractor Oils—Dursol
Transformer Oils
Turbine Oils
White Oils
Wool Oils

GREASES

En-Ar-Co Graphite Cup
En-Ar-Co Ball Bearing
En-Ar-Co Diamond Drill
En-Ar-Co Gear Shield
En-Ar-Co Mine Car
En-Ar-Co Sponge
En-Ar-Co Yarn
En-Ar-Co Hi-Temp
Black Beauty Axle

SPECIALTIES

White Rose Linseed Soap
White Rose Handy Oil
White Rose Fly Spray
White Rose Livestock Spray
White Rose Liquid Soap
En-Ar-Co Rust Retarder
En-Ar-Co Belt Dressing
En-Ar-Co Boiler Compound
En-Ar-Co Neatsfoot Oil
En-Ar-Co Rock Drill Lubricant

ANTI-FREEZES

White Rose Ethylene Glycol
Slovap Anti-Freeze Alcohol

KEROSENE

Silverlite

